

Message Text

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 L-03 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 TRSE-00

SS-15 NSC-05 SSO-00 NSCE-00 INRE-00 /047 R

DRAFTED BY EB/OA/AVP:SCKEITER:JO

APPROVED BY E:WDROGERS

EB/OA - MHSTYLES EB/AN-AJRIMAS

EB/OA/AVP - AJWHITE

EB/TCA - CBERLIN, ACTING

EB:JLKATZ

ARA/ECP - DTAHER S/S:SESTEINER

L/EB - PMICKEY

COM - EGRAUMAN DOT/OST-LNEAR(INFO

CAB - CCOLDREN

----- 065428

O P 300030Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

INFO AMCONSUL RIO DE JANEIRO PRIORITY

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EAIR, BR

SUBJECT: FUEL TAX EXEMPTION FOR NONSKEDS

REF : BRASILIA 7384

1. DEPT AGREES ATTEMPT TO ACHIEVE RAPID EXCHANGE OF
NOTES REMOVING TAX ON NONSKEDS SHOULD BE MADE. HOWEVER,
IN VIEW OF PAST HISTORY, IF BRAZILIANS DO NOT MOVE
PROMPTLY, WE MUST ASSUME THEY WILL NEVER REMOVE TAX

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WITHOUT VIGOROUS U.S. ACTION.

2. EMBASSY SHOULD SUBMIT NOTE SOONEST AND CONFIRM TO DEPT, SO THAT BALL WILL BE IN BRAZILIAN COURT DURING SILVEIRA VISIT. SUBJECT EMBASSY SUGGESTIONS, USE FOLLOWING TEXT:

QUOTE:REFER TO THE MINISTRY OF EXTERNAL RELATIONS' NOTE NO.REGARDING EXEMPTION OF U.S. TRANSPORT CORPORATIONS CONDUCTING ONLY NONSCHEDULED AIRLINE SERVICES TO AND FROM BRAZIL FROM THE TAX ON FUEL AND LUBRICANTS.

THE EMBASSY AGREES THAT THE AIR TRANSPORT AGREEMENT OF 1946 RELATES ONLY TO SCHEDULED SERVICES, AND IT WOULD BE PREPARED TO SETTLE THE PROBLEM OF EXEMPTION FOR NONSCHEDULED SERVICES THROUGH A SEPARATE AGREEMENT. IN VIEW OF THE IMPORTANCE OF THIS PROBLEM TO THE GOVERNMENT OF THE UNITED STATES, THE TIME WHICH HAS ALREADY PASSED SINCE IT WAS FIRST RAISED, AND THE INFORMALLY EXPRESSED WILLINGNESS OF THE GOVERNMENT OF BRAZIL TO EXCHANGE SUCH EXEMPTIONS, THE EMBASSY PROPOSES THAT THE AGREEMENT PROVIDE SIMPLY THAT FUEL AND LUBRICATING OILS TAKEN ON BOARD AIRCRAFT OF ONE CONTRACTING PARTY IN THE TERRITORY OF THE OTHER AND USED IN INTERNATIONAL COMMERCIAL SERVICES, WHETHER SCHEDULED OR UNSCHEDULED, CARRYING PASSENGERS AND/OR CARGO TO OR FROM THE TERRITORY OF THAT OTHER CONTRACTING PARTY, SHALL BE EXEMPT ON A BASIS OF RECIPROCITY FROM CUSTOMS DUTIES, EXCISE TAXES, INSPECTION FEES AND OTHER NATIONAL DUTIES OR CHARGES.

WE FURTHER PROPOSE THAT UPON RECEIPT OF A NOTE INDICATING ACCEPTANCE OF THIS PROVISION ON BEHALF OF THE GOVERNMENT OF BRAZIL, THIS NOTE AND YOUR NOTE IN REPLY WILL CONSTITUTE AN INTERNATIONAL AGREEMENT BETWEEN OUR TWO COUNTRIES, EFFECTIVE FROM THE DATE OF RECEIPT OF THE BRAZILIAN NOTE. THE GOVERNMENT OF THE UNITED STATES WILL THEN ALSO BE PREPARED TO SET AN EARLY DATE, IN COOPERATION WITH THE GOVERNMENT OF BRAZIL, FOR DISCUSSIONS WITH A VIEW TO CONCLUSION OF A MORE GENERAL AGREEMENT GOVERNING COMMERCIAL NONSCHEDULED FLIGHTS BETWEEN OUR TWO COUNTRIES.

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THE EMBASSY LOOKS FORWARD TO AN EARLY REPLY. UNQUOTE.

3. FYI ONLY: WE UNDERSTAND THAT VARIG HAS APPLIED TO CAB FOR APPROVAL OF 26 OTC CHARTERS. WHILE NOTHING HAS BEEN SAID TO VARIG, WE ANTICIPATE NO CAB ACTION PENDING RESOLUTION OF FUEL TAX ISSUE. END FYI. ROBINSON

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Disposition History: n/a
Disposition Reason:
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